



Docket Unit
California Energy Commission
Docket No. 01-GGE-1
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May 24, 2004

Dear Sir/Madam

Please find enclosed the World Resources Institute comments on the proposed Forest Project Protocol.

There are a number of inconsistencies that still exist in the document. A careful reading is needed to rectify these inconsistencies, possibly requiring the document to be given another external vetting to ensure consistency. Overall, most of the actual quantification guidelines for forest projects are well thought out. Providing default factors should reduce the transaction costs for entities wishing to report both at the project and entity level, and improve the consistency in estimation between entities. However, there is still some concern for the eligibility criteria for projects, and how this criteria is formulated.

I am also concerned with the speed at which the documents are moving forward. There appears to be inadequate time for the CCAR to address all the issues that may be raised during the public comment period. Some of the comments will require some careful assessment and perhaps re-evaluation of the document. It is important to remember that the rules and guidelines developed for the CCAR may (and will most likely) set a precedence for other programs considering GHG reduction projects that involve land-use in the US, making it even more important that these protocols are well-developed.

Specific Comments:

1. There does not appear to be a section where the entity is required to describe the project and its components.
2. It is unclear where the description of on-site project effects such as planting or harvesting emissions (both non-biological and biological) are included.

3. The use of the term 'baseline' is rather confusing as there are baseline scenarios and baseline emissions. Using a qualifier to 'baseline' would add a lot of clarity to the document. This also adds a lot of confusion in the entity draft where the baseline could be a projected baseline scenario over time or set base year. There is a difference between each of these, and by using 'baseline' to describe all of them will only further confuse people wishing to report to the registry. Recommend that early in the document you outline the 4 different qualifiers for baseline and then use them throughout the documents.
4. Baseline characterization for conservation-based forest management. Setting the baseline to existing forest regulation in California (or relevant county) will provide problems where an entity wishes to register a project and is already practicing forest management that surpasses existing regulations. This is contrary to many other project-based programs which have a different additionality requirement and the baseline scenario represents what would have happened in the absence of the project. By allowing these entities to claim these 'non-additional' removals, it undermines the environmental integrity of the registry.

If this baseline characterization is to remain, then there are a number of additions to the registry reporting requirements and program description that would need to be added:

- a) The CCAR needs to specify clearly in the reporting guidelines that these rules are only relevant to the registry and that other programs may have an additionality requirement that differs from that outlined by the registry. This should be made early in the project baseline characterization section.
 - b) The registry reporting requirements should include a section where those projects that are already using forest management practices that exceed existing regulations have to record and describe their current practices. Sufficient information should be recorded so that projects that wish to participate in programs with an additionality requirement that sets the baseline scenario as business-as-usual or 'what would have happened in the absence of the project' are still able to participate and determine the GHG reductions using a different baseline scenario.
5. Baseline characterization for forest conservation. There is inconsistency in the guidelines as the entity is able to use either the land-use trend or a site-specific immediate threat of conversion. The next sentence then says that where land-use trends are not available you use the site-specific approach, implying that the land-use trend approach should be used first. Also, these approaches will most likely give different answers making it difficult to verify. By saying that the entity should use one approach first, and then if that is not possible use the other will provide greater consistency in the estimation of GHG reductions. This will also reduce the probability of gaming where entities could use both approaches, choosing the one that gives them the most reductions.
 6. The examples are rather confusing. Suggest that the first thing the examples should do is explain what the project is and the relevant regulations facing the project area. Currently, these examples do not outline the project until quite late in the document leaving the reader unsure what the examples are referring to.

7. Conservation baseline characterization example. This example says ‘CG would also demonstrate through a search of applicable laws and regulations that they are not required to protect the project area from development’. This is illogical as if the land is protected by law then there would not be any development plans for the area anyway.
8. Project additionality requirement. This section is very repetitive and unclear. The section needs to be tightened up and re-written.
9. The project additionality section does not outline the limitations or implications of having a baseline characterization based only on existing regulations, and does not consider the existing practices of those projects that are already using forest management practices that exceed the existing regulations.
10. Footnote 11. This is hidden in the document, yet it is a very crucial piece of information as the baseline characterization being proposed will, in some instances, be different from that required by other programs. It needs to be given greater prominence in the document. Also I would reword this to say something along the lines of ‘This is also known as legal or regulatory additionality. The Registry’s baseline and additionality approach is designed only for California. The Registry is considering how this approach can be applied for implementation nationwide’.
11. Project Additionality requirement- reforestation. Don’t understand why the last sentence of the first paragraph is necessary and what it means. This sentence reads ‘ Monitoring of the project area over the project life to assess that, in fact, reforestation has occurred, would confirm the project’s additionality’.
12. Additionality analysis for reforestation project example. The first sentence is very long and needs to be rewritten. Last sentence beginning with ‘ Through monitoring requirements.....’. Not sure why this is necessary as the entity will already be presenting the required information to the registry so it is not necessary to state this.
13. Assessing activity-shifting leakage etc. This section needs to firstly outline and define the types of leakage that the registry is wishing entities to consider. Also, the first sentence should be deleted.
14. Activity shifting section. Definition is ‘activity shifting leakage is the displacement of activities from inside the project’s physical boundaries to locations outside of the project’s boundaries as a direct result of the project activity, where such shifting causes GHG emissions’. This seems to imply that the leakage refers to landowner that may move the project activities to other locations within the entities boundary (not project) and also to individuals in the immediate vicinity. This definition, which is the common definition of activity shifting, is at odds with other language in the document that talks only about activity shifting by the landowner. Recommend that the definition that is used is the landowner and other individuals in the immediate area.

15. Activity shifting section. Second paragraph,
 - a) Second sentence. Change sentence to say ‘.....capture any activity shifting leakage outside entity boundaries by other parties....’
 - b) Third sentence. What are the additional steps that are mentioned in this sentence.
 - c) Fifth sentence. This requires clarification. This suggests that you don’t need to estimate activity shifting which is at odds with this being a required assessment.
16. Assessment of market leakage. The example does not seem to match with the definition. The example that is given seems to be more appropriate for activity shifting.
17. Other effects to assess that may mitigate the intended GHG benefits of your project.
 - a) First paragraph, last sentence. Need to outline earlier exactly what the entity needs to report, i.e., all biological emissions associated with the project including those associated with project planting and harvesting, and that the non-biological ones are optional.
 - b) Second paragraph, third sentence. This reporting by the entity will be for the whole area, is there anything in place that allows the project effects to be split out at a later date if necessary. This is important for other programs that have different requirements than the registry.
18. Footnote 13. What happens if the two boundaries differ?
19. Leakage mitigation through project design section. The definitions of activities shifting and market leakage are inconsistent with the definitions in other parts of the document.
20. Land use conversion tables. Tables A and B. Is it realistic to use that many significant figures in these assessments? Seems unlikely.
21. Land use conversion tables. Why are the total acres different between the tables, e.g., Amador in Table A is 381,951 and Table B it is 61,000? I assume it is because one is total regional acres and the other is total timberland acres. It does not make sense to use two different metrics. How acres are measured needs to be consistent between hardwood and softwoods.

Should you require further clarification on any of these comments please do not hesitate to contact me.

Sincerely,

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